

Fiscal Estimate - 2009 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 09-1909/2	Introduction Number AB-0149				
Description The interest rate on delinquent property taxes					
Fiscal Effect					
State: <input checked="" type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <div style="display: flex; justify-content: space-between;"> <div style="width: 30%;"> <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations </div> <div style="width: 30%;"> <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues </div> <div style="width: 30%;"> <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <div style="display: flex; justify-content: space-around; font-size: small;"> <input type="checkbox"/> Yes <input type="checkbox"/> No </div> <input type="checkbox"/> Decrease Costs </div> </div>					
Local: <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate <div style="display: flex; justify-content: space-between; font-size: small;"> <div style="width: 30%;"> 1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory </div> <div style="width: 30%;"> 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input checked="" type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory </div> <div style="width: 30%;"> 5. Types of Local Government Units Affected <input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Village <input checked="" type="checkbox"/> Cities <input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts </div> </div>					
<table style="width: 100%;"> <tr> <th style="width: 60%; text-align: left;">Fund Sources Affected</th> <th style="width: 40%; text-align: left;">Affected Ch. 20 Appropriations</th> </tr> <tr> <td> <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS </td> <td> </td> </tr> </table>		Fund Sources Affected	Affected Ch. 20 Appropriations	<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	
Fund Sources Affected	Affected Ch. 20 Appropriations				
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS					
Agency/Prepared By DOR/ Daniel Huegel (608) 266-5705	Authorized Signature Paul Ziegler (608) 266-5773	Date 4/2/2009			

Fiscal Estimate Narratives

DOR 4/2/2009

LRB Number	09-1909/2	Introduction Number	AB-0149	Estimate Type	Original
Description The interest rate on delinquent property taxes					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, the interest rate charged on delinquent general property taxes plus any special charges, special assessments, and special taxes placed on the tax roll is 1% per month or fraction of a month. An additional penalty on these delinquencies of 0.5% per month or fraction of a month may be imposed, by ordinance, by a county board or the Common Council of the City of Milwaukee.

Under the bill, the interest rate charged on delinquent general property taxes plus any special charges, special assessments, and special taxes placed on the tax roll is 0.5% per month or fraction of a month from the effective date of the bill through December 31, 2010. The additional penalty that may be imposed by ordinance is not affected by the bill.

Based on data from the annual financial report forms filed with the Department of Revenue (DOR), about \$48 million in interest and penalties on taxes was collected in 2007. The DOR does not have data on who has or has not imposed the additional penalty; however, it is suspected that most eligible localities have done so. Based on this assumption, about one-third of the amount collected, or \$16 million, represents penalties and two-thirds, or \$32 million, represents interest. Consequently, the bill's 50% reduction would reduce interest earnings of counties and municipalities by about \$16 million on an annual basis.

The actual reduction in interest earnings will be different from that noted above because (1) the amount of tax roll delinquencies that is currently accumulating interest and penalties is probably not the same as reported for 2007 (the DOR does not track the level of delinquencies accumulating interest and penalties), and (2) if enacted in 2009, the bill will affect interest for only part of 2009 and all of 2010.

The bill imposes no costs on the Department of Revenue.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

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Description The interest rate on delinquent property taxes			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes	\$		\$
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$		\$
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS			
SEG/SEG-S			
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
	Increased Rev		Decreased Rev
GPR Taxes	\$		\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$		\$
NET ANNUALIZED FISCAL IMPACT			
	State		Local
NET CHANGE IN COSTS	\$		\$
NET CHANGE IN REVENUE	\$		-\$16,000,000
Agency/Prepared By		Authorized Signature	
DOR/ Daniel Huegel (608) 266-5705		Paul Ziegler (608) 266-5773	
		Date	
		4/2/2009	